

197—9.2(534) Definitions.

An “*association*” is the same as defined under Iowa Code section 534.102(2).

“*Commercial paper*” includes any note, draft or bill of exchange which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace. The maturity of any renewal thereof is likewise limited.

“*Consumer loan*” is the same as defined under Iowa Code section 537.1301(14). When granting consumer loans under these rules, it is intended that the association rely substantially upon such factors as the general credit standing of the borrower, guaranties or security other than the primary security for the loan. Appropriate evidence to demonstrate justification for such reliance should be retained in the association’s files.

“*Corporate debt security*” is defined as a marketable obligation, evidencing the indebtedness of any corporation in the form of a bond, note or debenture which is commonly regarded as a debt security and is not predominantly speculative in nature. A security is marketable if it may be sold with reasonable promptness at a price which corresponds reasonably to its fair value.

A “*direct loan*” is one in which the association takes the application, evaluates the creditworthiness of the applicant, processes the application, prepares the loan documents and closes the loan.

An “*indirect loan*” is one in which the underwriting, processing, and closing is done by a third party, usually a dealer, who later sells or assigns the loan to the association.

“*Loan*” is the same as defined under Iowa Code section 537.1301(25).